

**ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE**

February 21, 2022

1:34 p.m.

DRAFT

MEMBERS PRESENT

Senator Mia Costello, Chair
Senator Joshua Revak, Vice Chair
Senator Peter Micciche
Senator Elvi Gray-Jackson

MEMBERS ABSENT

Senator Gary Stevens

COMMITTEE CALENDAR

SENATE BILL NO. 201

"An Act relating to charitable gaming online ticket sales and activities; and providing for an effective date."

- MOVED SB 201 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 201

SHORT TITLE: USE OF INTERNET FOR CHARITABLE GAMING

SPONSOR(s): LABOR & COMMERCE

02/16/22	(S)	READ THE FIRST TIME - REFERRALS
02/16/22	(S)	L&C
02/21/22	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

MELODIE WILTERDINK, Staff
Senator Mia Costello
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented SB 201 on behalf of the Senate Labor and Commerce Standing Committee.

KEVIN KEHOE, President
Alaska Wild Sheep Foundation (AWSF)

Anchorage, Alaska

POSITION STATEMENT: Testified by invitation in support of SB 201.

DON WINCHESTER, President

Dimond Alumni Foundation

Anchorage, Alaska

POSITION STATEMENT: Testified by invitation in support of SB 201.

JOHN STURGEON, President

Safari Club International -Alaska

Anchorage, Alaska

POSITION STATEMENT: Provided invited testimony in support of SB 201.

DAVID LAMBERT, representing self

Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 201.

MICHELLE DEWITT, Executive Director

Bethel Community Services Foundation

Bethel, Alaska

POSITION STATEMENT: Testified in support of SB 2001.

ACTION NARRATIVE

[1:34:26 PM](#)

CHAIR MIA COSTELLO called the Senate Labor and Commerce Standing Committee meeting to order at 1:34 p.m. Present at the call to order were Senators Gray-Jackson, Micciche, Revak, and Chair Costello.

SB 201-USE OF INTERNET FOR CHARITABLE GAMING

[1:35:13 PM](#)

CHAIR COSTELLO announced the consideration of SENATE BILL NO. 201 "An Act relating to charitable gaming online ticket sales and activities; and providing for an effective date."

[1:35:47 PM](#)

MELODIE WILTERDINK, Staff, Senator Mia Costello, Alaska State Legislature, Juneau, Alaska, presented SB 201 on behalf of the Senate Labor and Commerce Standing Committee. She read the following sponsor statement into the record:

[Original punctuation provided.]

Charities in Alaska have long utilized raffles and classics as a way to fundraise for important causes. But a huge hinderance to these fundraising efforts is the requirement to sell raffle tickets and draw winners in person. In a state as vast as ours, this has limited the ability of charities to receive support from all corners of Alaska, whether that charity is located in a population center or a remote community.

Senate Bill 201 would modernize Alaska's gaming statutes to allow raffle tickets to be sold online and for winning tickets to be drawn online. Instead of needing to participate in person, an individual from Hyder could buy a raffle ticket to support a charity hundreds of miles away in Nome and vice versa.

Modernizing charitable gaming by allowing online ticket sales for raffles and classics will give nonprofit organizations across Alaska an opportunity to increase their fundraising and expand their charitable efforts in our communities.

[1:37:15 PM](#)

MS. WILTERDINK read the sectional analysis for SB 201 into the record:

Sec. 1 - AS 05.15.060(a) Page 1, Lines 4-14, & Page 2, Lines 1-31

Amends AS 05.15.060(a) by adding subsection (11) to direct the Department of Revenue to adopt regulations to establish standards for online ticket sales to ensure compliance with charitable gaming laws, including age and location verification.

Sec. 2 - AS 05.15.640 Page 3, Lines 1-13

Amends AS 05.15.640 by adding three new subsections: (d), (e), and (f).

Subsection (d) authorizes permittees, operators, and holders of a multiple-beneficiary permit to use the Internet to conduct charitable gaming activities for raffles, lotteries, dog mushers' contests, derbies, and many types of classics, as defined in AS

05.15.690. Subsection (d) also authorizes permittees to draw winning tickets online.

Subsection (e) requires the purchasers of tickets to certify that they are of legal purchasing age and not physically present in an area that prohibits charitable gaming at the time of the ticket sale.

Subsection (f) requires permittees, operators, and holders of a multiple-beneficiary permit to conduct all charitable gaming activities within the state of Alaska, including determining the winners of any charitable gaming activities.

Sec. 3 - Page 3, Line 14

Provides for an immediate effective date

MS. WILTERDINK offered to discuss the definitions in Section 2 for classics, contests, and derbies.

CHAIR COSTELLO asked her to first clarify whether or not the bill is proposing something new or extending an activity that is already authorized and taking place.

MS. WILTERDINK explained that a provision in last year's disaster declaration allowed charities in Alaska to sell raffle tickets online. SB 201 would make that provision permanent.

CHAIR COSTELLO asked for some examples of charitable gaming activities.

1:40:20 PM

MS. WILTERDINK recounted that the Big Bull Moose Derby is a contest in which prizes are awarded based on the spread of moose antlers; the Cabbage Classic is a game of chance where prize money is awarded for the closest guess of the weight of the winner of the Giant Cabbage Weigh-Off at the Alaska State Fair; the Canned Salmon Classic is a game of chance in which prize money is awarded for the guess closest to the total number of cases of canned salmon that will be packed at the Petersburg salmon canneries during a certain timeframe; a Crane Classic is a game of chance in which prize money is awarded for the closest time of arrival of the first Sandhill Crane to a particular location; a fish derby is a contest in which prizes are awarded for catching fish; a goose classic is similar to a crane classic but specifically for the arrival of the first goose to arrive in the spring at Creamers Field in Fairbanks or the Kenai River

flats. The latter must be run by the Fairbanks Montessori Association, the Friends of Creamers Field, or the Kenai Chamber of Commerce. As a general rule, she said these are all games of chance and prize money is awarded.

[1:42:21 PM](#)

CHAIR COSTELLO turned to invited testimony.

[1:42:33 PM](#)

KEVIN KEHOE, President, Alaska Wild Sheep Foundation (AWSF), Anchorage, Alaska, testified by invitation on SB 201 in support of SB 201. He explained that the bill continues the current rules [regarding online charitable gaming] that have been very beneficial for AWSF and other conservation organizations in Alaska. AWSF is a 501(c)(3) organization of about 700 members and about 2,500 Facebook followers. Last year the organization brought in about \$1.2 million in gross revenue. About \$300,000 of the gross came from online raffles and 85 percent of those sales came from outside the state. He also pointed out that the bill includes measures to help avoid common pitfalls of online gaming and take advantage of best practices from other jurisdictions.

MR. KEHOE highlighted the ancillary advantages to online charitable gaming. This includes: access to a broader audience; inclusion of people who do not typically participate in charitable gaming; increased efficiency of sales; the ability to adapt to new norms related to venue; secure financial transactions; faster reporting; speedier compliance; better tracking of sales data; and continual marketing of Alaska.

He restated support for SB 201, opining that there is no reason to support small business and not allow them to leverage the internet to increase business.

CHAIR COSTELLO thanked him for taking time to testify and making a good case for the legislation.

[1:48:37 PM](#)

DON WINCHESTER, President, Dimond Alumni Foundation, Anchorage, Alaska, testified by invitation in support of SB 201. He explained that about 35 booster clubs and teams in Anchorage fall under the umbrella of Diamond Alumni Foundation. The organization was formed about 30 years ago to help schools manage fundraising activities. Raffles have always been an integral part of fundraising, and this was interrupted during the COVID-19 pandemic because the students could not sell

tickets in person. Allowing tickets to be sold and winners drawn by using the internet was a game changer. It also reflects changing times and the fact that young people are very comfortable using the internet. Online sales now are seen as an integral part of fundraising. He clarified that despite the name, Dimond Alumni Foundation serves several high schools and well over half of the elementary schools in Anchorage. He restated support for SB 201.

CHAIR COSTELLO thanked him for testifying and for everything he had done for Alaska and Anchorage to ensure that every young person is able to participate, regardless of their sport.

MR. WINCHESTER said the raffles have made it possible for every youth who wants to play to have the opportunity to do so.

SENATOR REVAK thanked Mr. Winchester and Mr. Kehoa for what they had done in the community. He agreed with Mr. Kehoa's observation that because of this policy change, more revenue is coming from out of state to support nonprofits and the Alaska Department of Fish and Game (ADF&G).

MR. WINCHESTER opined that participation would expand as people get more comfortable with online gaming.

1:54:26 PM

JOHN STURGEON, President, Safari Club International -Alaska, Anchorage, Alaska, provided invited testimony in support of SB 201. He stated that the Safari Club mission is to protect and enhance hunting opportunities for the Alaska hunting community. The organization also sponsors hunts for Wounded Warriors and other veterans, youth camping and shooting programs, wildlife conservation projects, ADF&G programs, college scholarships, and outdoor education. As a nonprofit they must raise all funds through banquets and raffles. He mentioned a governor's tag and guided hunt raffle that is expected to bring in more than \$500,000. After expenses, the proceeds are split with 70 percent going to ADF&G and 30 percent to the Safari Club. This money is spent on wildlife programs. In this particular raffle, 54 percent of the sales were from nonresidents. Also, the funds that go to fish and game are matched 3:1 with Pittman-Robinson dollars. He restated strong support for SB 201.

1:56:28 PM

DAVID LAMBERT, representing self, Fairbanks, Alaska, testified in support of SB 201. He stated he is a charitable gaming operator and online sales have been very beneficial. He thanked

the committee for introducing the bill and stressed the importance of its passage.

1:57:05 PM

At ease

1:57:21 PM

CHAIR COSTELLO reconvened the meeting and opened public testimony on SB 201.

1:57:34 PM

MICHELLE DEWITT, Executive Director, Bethel Community Services Foundation, Bethel, Alaska, testified in support of SB 201. She reported that the organization operates the Kuskokwim Ice Classic. Being able to move the ice classic online last year was a great opportunity to use technology to reduce human errors and substantially expand the reach of the classic. The net proceeds from the contest go to local nonprofit groups, primarily for youths and animal rescue. She restated strong support for SB 201.

2:00:01 PM

CHAIR COSTELLO discerned nobody else wished to comment and closed public testimony on SB 201.

2:00:06 PM

At ease

2:01:23 PM

CHAIR COSTELLO reconvened the meeting.

2:01:30 PM

SENATOR MICCICHE offered his belief that the fiscal note for SB 201 should be zero rather than indeterminate. He said the Department of Revenue does not know what the incremental impact to state revenues might be from online gaming, but there ought to be a bottom line on what qualifies as indeterminate and his belief is that this goes beyond the bottom line.

2:02:18 PM

SENATOR MICCICHE moved to eliminate the indeterminate part of the fiscal note, thereby making it zero. He highlighted that the fiscal note analysis says that the "potential incremental impact to state revenues is insignificant."

2:03:25 PM

SENATOR REVAK objected to remind members that this is already in practice and he could not agree more with the President's comments.

SENATOR REVAK removed his objection.

CHAIR COSTELLO found no objection and the motion to zero the fiscal note for SB 201 passed.

[2:04:10 PM](#)

SENATOR REVAK moved to report SB 201, work order 32-LS1509\A, from committee with individual recommendations and fiscal note(s) that was amended to zero.

CHAIR COSTELLO found no objection and SB 201 with the zeroed fiscal note moved from the Senate Labor and Commerce Standing Committee.

[2:05:06 PM](#)

There being no further business to come before the committee, Chair Costello adjourned the Senate Labor and Commerce Standing Committee meeting at 2:05 p.m.